

House Bill 958

By: Representative Ashe of the 56th

A BILL TO BE ENTITLED

AN ACT

To amend Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and secondary education, so as to eliminate the requirement of local five mill share funds and to delete references to local five mill share funds; to change provisions relating to tuition for nonresident students, midterm adjustments, equalization grants, calculation of state funds to be allotted to local school systems, the school lunch program, grants for projects to approve effectiveness, grants for electronic technology, reassignment of students, definitions relative to charter schools, and funding for charter schools; to provide for annual allocation to local school systems of an amount equal to the proceeds for the preceding year from the 1 percent state-wide sales and use tax for education; to provide for the calculation of such allocations; to provide for the use of such funds for educational purposes without further requirements or restrictions; to provide for related matters; to provide for a contingent effective date and applicability; to provide for automatic repeal in certain circumstances; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and secondary education, is amended in Code Section 20-2-133, relating to free public education, by striking subsection (a) and inserting in lieu thereof the following:

"(a) Admission to the instructional programs funded under this article shall be free to all eligible children and youth who enroll in such programs within the local school system in which they reside and to children as provided in subsection (b) of this Code section. Therefore, a local school system shall not charge resident students tuition or fees, nor shall such students be required to provide materials or equipment except for items specified by

1 the State Board of Education, as a condition of enrollment or full participation in any
2 instructional program. However, a local school system is authorized to charge nonresident
3 students tuition or fees or a combination thereof; provided, however, that such charges to
4 a student shall not exceed the average locally financed per student cost for the preceding
5 year, ~~excluding the local five mill share funds required pursuant to Code Section 20-2-164;~~
6 provided, further, that no child placed by the Department of Juvenile Justice or the
7 Department of Human Resources or any of its divisions in a facility by or under contract
8 with the Department of Juvenile Justice or the Department of Human Resources who
9 remains in that facility for more than 60 continuous days and no child who is a patient in
10 a facility licensed by this state to deliver intermediate care for the mentally retarded who
11 remains in that facility for more than 60 continuous days as described in paragraph (1) of
12 subsection (b) of this Code section and no child who is in the physical custody of the
13 Department of Juvenile Justice or the Department of Human Resources or any of its
14 divisions pursuant to a court order granting temporary or permanent custody as described
15 in paragraph (2) of subsection (b) of this Code section shall be charged tuition, fees, or a
16 combination thereof. A local school system is further authorized to contract with a
17 nonresident student's system of residence for payment of tuition. The amount of tuition
18 paid directly by the system of residence shall be limited only by the terms of the contract
19 between systems. Local units of administration shall provide textbooks or any other
20 reading materials to each student enrolled in a class which has a course of study that
21 requires the use of such materials by the students."

22 23 **SECTION 2.**

24 Said chapter is further amended by striking Code Section 20-2-162, relating to annual
25 recalculations of the amount of funds needed for the Quality Basic Education Formula for
26 the purposes of midterm adjustments, and inserting in lieu thereof the following:

27 "20-2-162.

28 (a) The State Board of Education shall annually recalculate the total amount needed under
29 the Quality Basic Education Formula for the midterm adjustment for the current fiscal year
30 using the average of the first and the projected second full-time equivalent counts for the
31 current fiscal year, with the first full-time equivalent count weighted two parts and the
32 projected second full-time equivalent count weighted one part. If the total amount needed
33 by each local school system when recalculated is greater than the initial amount calculated,
34 then the state board shall increase the total allotment for said system by the difference

1 between the recalculation and the initial calculation. All funds allocated as the result of
2 this recalculation to a local school system for direct instructional costs as defined in
3 paragraph (1) of subsection (a) of Code Section 20-2-167 shall be applied to the direct
4 instructional costs of the instructional programs specified in Code Section 20-2-161 which
5 had full-time equivalent counts pursuant to this Code section that are higher than the
6 full-time equivalent counts upon which the initial allocations were based. The balance of
7 the funds allocated to a local school system as the result of this recalculation must be
8 applied to items specified in Code Sections 20-2-182 through 20-2-186 for instructional
9 programs specified in subsection (b) of Code Section 20-2-161 and shall not be expended
10 for any program or service explicitly excluded from the full-time equivalent count in Code
11 Section 20-2-160. The total amount of increased funding required by the midterm
12 adjustment shall be requested by the state board and shall demonstrate for each receiving
13 local school system the average full-time equivalent count used in the initial calculation
14 compared to the midterm average count for each program category system wide. If the
15 recalculation for a local school system is less than the initial calculation, the amount of
16 funds initially allotted to the system shall not be reduced for the current fiscal year. Local
17 school systems which fail to provide the state board with complete full-time equivalent
18 student counts by instructional program in the manner and by dates prescribed by the state
19 board shall not be eligible for recalculation of their current year allotment.

20 ~~(b) A midterm adjustment in a local school system's local five mill share shall be made if:~~

21 ~~(1) The most recent actual property tax digest for educational maintenance and operation~~
22 ~~of a local school system, as approved by the Department of Revenue, is less than the~~
23 ~~actual property tax digest for educational maintenance and operation approved by the~~
24 ~~Department of Revenue for the year used initially to calculate the system's local five mill~~
25 ~~share pursuant to Code Section 20-2-164, and such reduction is due to more accurate~~
26 ~~assessments or actual loss in tangible property or a combination of these factors as~~
27 ~~determined by the Department of Revenue; and~~

28 ~~(2) The most recent equalized adjusted school property tax digest for the local school~~
29 ~~system is less than the equalized adjusted school property tax digest for the year used~~
30 ~~initially to calculate the system's local five mill share.~~

31 ~~Such a midterm adjustment shall be made by reducing the initial local five mill share by~~
32 ~~the percentage decrease over the most recent two years in the actual property tax digest~~
33 ~~for educational maintenance and operation. The gross value of property prior to deduction~~
34 ~~of any exemptions shall be used throughout the calculations under this subsection. The~~

provisions of this subsection shall apply only to the midterm adjustment of local five mill share as provided in this Code section."

SECTION 3.

Said chapter is further amended by striking Code Section 20-2-164, relating to the five mill share, and inserting in lieu thereof the following:

"20-2-164.

(a) ~~The State Board of Education shall calculate the amount of local five mill share funds that each local school system shall be required to spend each fiscal year to participate in the Quality Basic Education Program as follows:~~

~~(1) Unless the combined local five mill share total for all local school systems in the state, when calculated pursuant to this paragraph, exceeds 20 percent of the sum of the Quality Basic Education Formula amounts, as calculated pursuant to subsection (d) of Code Section 20-2-161, the amount of each local school system's local five mill share shall be calculated as follows:~~

~~(A) Determine the most recent equalized adjusted school property tax digest for the local school system less the amount attributable to timber calculated pursuant to paragraph (2) of subsection (b) of Code Section 48-5-274, multiply the difference by .4, and add to that product the amount attributable to timber calculated pursuant to paragraph (2) of subsection (b) of Code Section 48-5-274;~~

~~(B) From the amount calculated in subparagraph (A) of this paragraph deduct the total amount calculated pursuant to subsection (g) of this Code section; and~~

~~(C) Multiply the remainder calculated in subparagraph (B) of this paragraph by .005;~~
~~or~~

~~(2) If the combined local five mill share total for all local school systems in this state, when calculated pursuant to paragraph (1) of this subsection, exceeds 20 percent of the sum of the Quality Basic Education Formula amounts, as calculated pursuant to subsection (d) of Code Section 20-2-161, then the amount of each local system's five mill share shall be calculated as follows:~~

~~(A) Multiply the total amount of Quality Basic Education Formula amounts to be expended for all local school systems combined, as calculated for each local school system pursuant to Code Section 20-2-161, by .2;~~

~~(B) Divide the product calculated in subparagraph (A) of this paragraph by the sum of the local five mill share amounts for all local school systems in this state as calculated~~

1 for each local school system pursuant to subparagraph (C) of paragraph (1) of this
2 subsection;

3 (C) Multiply the amount calculated in subparagraph (B) of this paragraph by .005; and

4 (D) Multiply the product calculated in subparagraph (C) of this paragraph by the
5 remainder calculated in subparagraph (B) of paragraph (1) of this subsection.

6 ~~(b)(1) Each local school system shall apply the total amount of its local five mill share~~
7 ~~funds to programs funded under this article and in the manner so earned as indicated on the~~
8 ~~allotment sheets as provided by the State Board of Education; provided, however, that no~~
9 ~~portion of the local five mill share funds is applied to the financing of educational~~
10 ~~programs and services operated at the option of the local school system or for any grant~~
11 ~~program which explicitly excludes the application of local funds or which explicitly~~
12 ~~requires an application of local funds other than from the local five mill share.~~

13 (2) The local school system may apply revenues toward the local five mill share from any
14 source except: funds derived from the federal government which were not designed to
15 replace local tax revenues; state funds; student tuition and fees; funds transferred from
16 another local unit of administration; and other sources specifically prohibited by
17 provisions of this article; provided, however, that an independent school system may
18 apply appropriations from the taxing authority of its municipal government.

19 (c)(1) The state auditor shall furnish to the State Board of Education the equalized
20 adjusted school property tax digests in accordance with Code Section 48-5-274.

21 (2) Except as provided in subsection (b) of Code Section 20-2-162, the sums of the most
22 recent equalized adjusted school property tax digests shall be used to make the
23 calculations required by subsection (a) of this Code section for each fiscal year.

24 (d) Each municipality having an independent school system and each county government
25 shall annually provide the Department of Revenue with the following information for each
26 local school system within its jurisdiction:

27 (1) The total number of granted state-wide constitutional homestead exemptions for
28 occupied homes pursuant to Code Section 48-5-44 exclusive of those homestead
29 exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and 48-5-52;

30 (2) The total number of granted state-wide constitutional homestead exemptions for
31 disabled veterans pursuant to Code Section 48-5-48;

32 (3) The amounts of tax and nontax revenues by source which have been distributed by
33 said local government to local school systems for educational maintenance and operation;
34 provided, further, that if the total tax revenues collected by a municipal government

1 ~~exceed the amount of all revenues distributed to its school system, the total amount of tax~~
2 ~~revenues collected by the municipal government shall also be submitted to the~~
3 ~~Department of Revenue. Such data shall be submitted to the Department of Revenue no~~
4 ~~later than the date required for the submission of the local tax digests to the Department~~
5 ~~of Revenue; and~~

6 ~~(4) The difference between the actual assessed valuation of agricultural property and the~~
7 ~~valuation that would be assessed if all agricultural property were assessed at 40 percent~~
8 ~~of its fair market value as provided in Code Section 48-5-7; provided, however, that if the~~
9 ~~taxing authority of a local school system assesses property at a legal standard other than~~
10 ~~40 percent of fair market value, the actual assessed valuation used in this calculation shall~~
11 ~~be reduced to represent the amount which would be assessed if the jurisdiction assessed~~
12 ~~property at 40 percent of fair market value.~~

13 ~~(e) The Department of Revenue shall annually verify, certify as correct, and furnish the~~
14 ~~State Board of Education with the following data for each local school system by~~
15 ~~November 15:~~

16 ~~(1) All tax and nontax revenues by source for the preceding fiscal year which were~~
17 ~~distributed for educational maintenance and operation; provided, however, such tax and~~
18 ~~nontax revenues shall exclude any state revenue collections which were previously~~
19 ~~distributed to the state general fund and then appropriated or allocated to local school~~
20 ~~systems; and provided, further, that if the total tax revenues collected by a municipal~~
21 ~~government exceed the amount of all revenues which it distributed to its school system,~~
22 ~~the total amount of revenues distributed to the school system shall be designated as tax~~
23 ~~revenues in the report of the Department of Revenue to the state board;~~

24 ~~(2) The number of exemptions granted for state-wide constitutional homestead~~
25 ~~exemptions for owner-occupied homes pursuant to Code Section 48-5-44, exclusive of~~
26 ~~those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and~~
27 ~~48-5-52, for the preceding calendar year;~~

28 ~~(3) The number of exemptions granted for state-wide constitutional homestead~~
29 ~~exemptions for disabled veterans pursuant to Code Section 48-5-48 for the preceding~~
30 ~~calendar year; and~~

31 ~~(4) The difference between the actual assessed valuation of agricultural property and the~~
32 ~~valuation that would be assessed if all agricultural property were assessed at 40 percent~~
33 ~~of its fair market value as provided in Code Section 48-5-7, adjusted pursuant to~~
34 ~~paragraph (4) of subsection (d) of this Code section.~~

1 ~~(f) The Office of Planning and Budget shall annually furnish to the State Board of~~
2 ~~Education the estimated number of individuals age 65 or older residing in each local school~~
3 ~~system and the estimated percent that such individuals are of the total population for each~~
4 ~~local school system. The Office of Planning and Budget shall furnish all information~~
5 ~~requested by the General Assembly regarding the procedure for estimating this percent.~~

6 ~~(g) For purposes of calculation under this Code section and Code Section 20-2-165, the~~
7 ~~equalized adjusted school property tax digest, adjusted by paragraph (1) of subsection (a)~~
8 ~~of this Code section, shall be reduced by the sum of the following products:~~

9 ~~(1) The product of the number of constitutional homestead exemptions for owner~~
10 ~~occupied homes pursuant to Code Section 48-5-44 granted for that year, exclusive of~~
11 ~~those homestead exemptions provided pursuant to Code Sections 48-5-47, 48-5-48, and~~
12 ~~48-5-52, multiplied by the amount per exemption authorized under Code Section 48-5-44;~~
13 ~~provided, further, that in any city operating an independent school system which provides~~
14 ~~a homestead exemption through local legislation comparable to that provided in Code~~
15 ~~Section 48-5-44, the product calculated in this paragraph shall represent the number of~~
16 ~~homestead exemptions provided through the applicable local legislation multiplied by the~~
17 ~~amount per exemption authorized in Code Section 48-5-44, or by the amount per~~
18 ~~exemption authorized in the applicable local legislation, whichever is less; and provided,~~
19 ~~further, that if the amount per exemption authorized in Code Section 48-5-44 has been~~
20 ~~changed subsequent to the year of the applicable digest, the more recently adopted~~
21 ~~amount per exemption shall be used for the product calculated in this paragraph;~~

22 ~~(2) The product of the number of constitutional homestead exemptions for disabled~~
23 ~~veterans pursuant to Code Section 48-5-48 granted for that year, multiplied by the amount~~
24 ~~per exemption authorized under that Code section; provided, further, that in any city~~
25 ~~operating an independent school system which provides a homestead exemption through~~
26 ~~local legislation comparable to that provided in Code Section 48-5-48, the product~~
27 ~~calculated in this paragraph shall represent the number of homestead exemptions~~
28 ~~provided through the applicable local legislation multiplied by the amount per exemption~~
29 ~~authorized in the applicable local legislation, whichever is less; and provided, further, that~~
30 ~~if the amount per exemption authorized in Code Section 48-5-48 has been changed~~
31 ~~subsequent to the year of the applicable digest, the more recently adopted amount per~~
32 ~~exemption shall be used for the product calculated in this paragraph;~~

33 ~~(3) The product of the estimated number of persons age 65 or older residing in the local~~
34 ~~school system during that year multiplied by 5,000;~~

~~(4) The product which results from the following calculations:~~

~~(A) Subtract the estimated state-wide percentage that persons age 65 or older is of the total population, excluding military personnel and institutional population, from the respective percentage for the local school system. If the respective percentage for the local school system is less than the state-wide percentage, a difference of zero shall be used in the calculations in this paragraph;~~

~~(B) Multiply the difference which results from subparagraph (A) of this paragraph by 1,000; and~~

~~(C) Multiply the product which results from subparagraph (B) of this paragraph by the estimated number of persons age 65 or older residing in the local school system during that year; and~~

~~(5) The product which results from the following calculations:~~

~~(A) Divide the amount reported in paragraph (4) of subsection (e) of this Code section by the average ratio of assessed value to true value used to calculate the most recent equalized adjusted school property tax digest pursuant to Code Section 48-5-274; and~~

~~(B) Multiply the quotient which results from subparagraph (A) of this paragraph by .4.~~

~~(h) In the event a local school system fails to provide for or to use the amount of local funds required to be raised and applied by the local school system in order to participate in the Quality Basic Education Program as defined by this article during any fiscal year, the State Board of Education shall calculate the total amount of such funds and add that amount to the local five mill share being required of the local school system for an ensuing fiscal year. Further, should the state auditor cite an audit exception which requires that a local school system return an amount of funds to the state general fund, the state board shall add said amount to the local five mill share of the local school system for an ensuing fiscal year if the state board has not been provided documentation that the amount has already been paid to the state general fund. Such additions will thereby reduce the amount of state funds which shall be allotted to such local school systems. If a local school system does not fulfill its obligation to provide a local five mill share or to comply with any other provisions of this article for any fiscal year, the state board may withhold any portion or all of the state funds to be allotted during the current or an ensuing fiscal year. Reserved."~~

SECTION 4.

Said chapter is further amended by striking Code Section 20-2-165, relating to equalization grants, and inserting in lieu thereof the following:

1 "20-2-165.

2 (a) As used in this Code section, the term:

3 (1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax
4 digest ~~reduced by the amount calculated pursuant to subsection (g) of Code Section~~
5 ~~20-2-164~~.

6 (2) 'Assessed valuation per weighted full-time equivalent' is defined as the assessed
7 valuation for the most recent year available divided by the weighted full-time equivalent
8 for the year of the digest.

9 (3) 'Average weighted full-time equivalent count' is defined as the first count of a fiscal
10 year weighted two parts and the second count weighted one part.

11 (4) 'Effective millage rate' is defined as local tax revenues divided by the assessed
12 valuation and multiplied by 1,000; provided, however, that if the amount of local tax
13 revenues is subsequently adjusted as a result of an audit of a local school system's annual
14 financial report, the increase or decrease in local tax revenues resulting from the audit
15 shall cause an adjustment to be made in the effective millage rate that was calculated
16 initially. Any net change in the amount of equalization dollars earned as a result of such
17 adjustment shall be applied to the amount of the local school system's equalization grant
18 in a subsequent fiscal year.

19 (5) 'Eligible full-time equivalent program count' is defined as the sum of the full-time
20 equivalent resident student count and full-time equivalent nonresident student count
21 pursuant to subsection (b) of Code Section 20-2-160 for each program specified pursuant
22 to subsection (b) of Code Section 20-2-161; provided, however, that each local school
23 system's total full-time equivalent nonresident student count for all programs except
24 handicapped programs shall not exceed the lesser of the count for ~~fiscal year~~ Fiscal Year
25 2000 or the count for any ensuing fiscal year, unless the local school system serves under
26 contract all of the students in one or more grade levels from an adjoining system or unless
27 the system serves students from an adjoining system under court order.

28 (6) 'Equalized adjusted property tax digest' is defined as the most recent equalized
29 adjusted property tax digest furnished to the State Board of Education pursuant to
30 ~~paragraph (1) of subsection (c) of Code Section 20-2-164~~ subsection (e) of Code Section
31 48-5-274.

32 (7) 'Guaranteed valuation school system' is defined as the local school system ranking
33 at the seventy-fifth percentile in dollars of assessed valuation per weighted full-time
34 equivalent, where the ranking of school systems is such that the one-hundredth percentile

1 school system is that with the highest amount in dollars of assessed valuation per
2 weighted full-time equivalent. For the purpose of determining the assessed valuation per
3 weighted full-time equivalent of the guaranteed valuation school system only, a reduction
4 of the assessed valuation for exemptions authorized by Code Sections 48-5-44 and
5 48-5-48 shall be calculated whether such exemptions are granted or not granted by the
6 guaranteed valuation school system.

7 (8) 'Local tax revenues' is defined as the sum of tax revenues for a local school system
8 as furnished to the Department of Education by the school system in its annual financial
9 report, reduced by the total amount of general funds expended for capital outlay or
10 transferred into an escrow account for capital outlay purposes for the most recent fiscal
11 year such data are available and increased by any federal funds designed to replace local
12 tax revenues provided to the said system; provided, however, that the local school system
13 has furnished the state board with acceptable documentation which clearly identifies the
14 source or sources of such federal funds.

15 (9) 'Most recent average weighted full-time equivalent count' is defined as the average
16 of the two most recent weighted full-time equivalent counts.

17 (10) 'Qualified local school system' is defined as any local school system having an
18 assessed valuation per weighted full-time equivalent count for the year of the digest
19 ranking below the guaranteed valuation school system ~~and having an effective millage~~
20 ~~rate greater than the millage rate applied to calculate the local five mill share pursuant to~~
21 ~~subsection (a) of Code Section 20-2-164.~~

22 (11) 'Weighted full-time equivalent count' is defined as the sum of all eligible full-time
23 equivalent program counts multiplied by their respective program weights in effect during
24 the fiscal year that the full-time equivalent program counts were obtained pursuant to
25 Code Section 20-2-161.

26 (12) 'Weighted full-time equivalent for the year of the digest' is defined as the average
27 of the two weighted full-time equivalent counts taken during that fiscal year beginning
28 during the year of the digest.

29 (b) The State Board of Education shall annually calculate the equalization grant for each
30 qualified local school system in the following manner:

31 (1) Subtract the assessed valuation per weighted full-time equivalent for the local school
32 system from the assessed valuation per weighted full-time equivalent for the guaranteed
33 valuation school system;

34 (2) Divide the difference resulting from paragraph (1) of this subsection by 1,000;

1 (3) ~~Subtract five from the effective millage rate for the local school system and use~~ Use
2 ~~the resulting number of effective mills~~ effective millage rate or 15 effective mills,
3 whichever is less, as the number of effective mills to be equalized;

4 (4) Multiply the quotient resulting from paragraph (2) of this subsection by the number
5 of effective mills to be equalized pursuant to paragraph (3) of this subsection;

6 (5) Multiply the product resulting from paragraph (4) of this subsection by the most
7 recent average weighted full-time equivalent count for the local school system; and

8 (6) The resulting amount, calculation amount A, shall be the equalization grant for the
9 ensuing fiscal year; provided, however, that for ~~fiscal year~~ Fiscal Year 2001 the amount
10 shall be adjusted by calculating a second amount, calculation amount B, under subsection
11 (b) of this Code section by replacing the seventy-fifth percentile school system with the
12 ninetieth percentile school system for the guaranteed valuation school system and
13 subtracting five from the effective mills and using the resulting number of effective mills
14 or 3.25 effective mills, whichever is less, as the number of effective mills to be equalized,
15 and subtracting the resulting amount from calculation amount A and multiplying the
16 resulting amount by .25 and adding that amount to calculation amount B; provided,
17 further, that for each local school system which serves under contract all of the students
18 in one or more grade levels from an adjoining system and for each local school system
19 which sends under contract all of the students in one or more grade levels to an adjoining
20 system, the equalization grant shall be recalculated to represent the amount that would
21 be earned if the students transferred under said contract were included in the full-time
22 equivalent counts of the local school system in which they reside; provided, further, that
23 any recalculated equalization grant to be earned by a local school system sending students
24 to another system under the provisions of such a contract shall be reduced by an amount
25 which represents the equalization funds earned per weighted full-time equivalent student
26 multiplied by the total weighted full-time equivalent count for students transferred, and
27 any recalculated equalization grant to be earned by the local school system receiving
28 students under said contract shall be increased by the same amount. The amounts so
29 recalculated shall be the equalization grants for such local school systems. The
30 recalculations shall occur after the assessed valuation per weighted full-time equivalent
31 of the guaranteed valuation school system has been calculated and shall not affect the
32 calculation of the assessed valuation per weighted full-time equivalent of the guaranteed
33 valuation school system.

(c) The State Board of Education shall allocate respectively the amount calculated under subsection (b) of this Code section to each qualified local school system. For the first effective year of the merger of any two or more local school systems, the equalization grant shall be the addition of amounts which would have been separately earned by the systems participating in the merger or the amount which would have been earned if the systems had already been merged during the year of the applicable digest, whichever is greater. ~~No portion of local five mill share shall be applied to such equalization grants.~~ In the event sufficient funds are not appropriated in a fiscal year to the state board to allot the full amount of equalization grants calculated to be payable to qualified local school systems as provided in this Code section, the state board shall proportionately reduce the amount of funds to be allocated to qualified local school systems.

(d) The amount of funds appropriated each year under this Code section, for a period not to exceed five years beginning with ~~fiscal year~~ Fiscal Year 2002, may be adjusted to allow local school systems that are losing funds due to a change from the ninetieth percentile guaranteed valuation school system to the seventy-fifth percentile guaranteed valuation school system sufficient time to adjust their local programs.

(e)(1) Beginning with Fiscal Year 2002, a midterm adjustment in a local school system's equalization grant shall be made if:

(A) The school system ranks at or below the seventy-fifth percentile in dollars of assessed valuation per weighted full-time equivalent student, where the ranking of school systems is such that the one-hundredth percentile school system is that with the highest amount in dollars of assessed valuation per weighted full-time equivalent student; and

(B) The school system increases the actual millage levied against its digest.

(2) If made, the midterm adjustment to the equalization grant shall be calculated as follows:

(A) Calculate the percentage change in the actual millage rate for a school system by subtracting the actual millage rate for the prior year from the actual millage rate for the current year and dividing by the actual millage rate for the prior year;

(B) If the result from subparagraph (A) of this paragraph is a positive number, multiply the number of effective mills calculated as part of the original equalization grant calculation for a given year by the percentage increase calculated in subparagraph (A) of this paragraph. Add the product of this calculation to the effective number of mills

1 from the original equalization grant calculation as described in subsections (a) through
2 (d) of this Code section;

3 (C) Recalculate the equalization grant substituting the revised number of effective
4 mills calculated in subparagraph (B) of this paragraph; and

5 (D) Subtract the initial equalization grant amount from the amount calculated in
6 subparagraph (C) of this paragraph.

7 The resulting amount shall be the midterm adjustment to the equalization grant."

8 SECTION 5.

9 Said chapter is further amended in Code Section 20-2-166, relating to calculation of the
10 amount of state funds to be allotted to local school systems, by striking subsection (a) and
11 inserting in lieu thereof the following:

12 "(a) The State Board of Education shall calculate the total amount of state funds to be
13 allotted to a local school system by:

14 (1) Adding the amount calculated for the local school system for grants authorized under
15 the provisions of this article which do not expressly involve a local share, except the state
16 school lunch grant pursuant to Code Section 20-2-187, to the amount calculated for the
17 local school system for the Quality Basic Education Formula pursuant to subsection (d)
18 of Code Section 20-2-161;

19 ~~(2) Subtracting the amount of funds required by the local school system for local five~~
20 ~~mill share pursuant to Code Section 20-2-164 from the sum in paragraph (1) of this~~
21 ~~subsection; and~~ Adding the amount calculated as the school system's share of the 1
22 percent state-wide sales tax for education in accordance with Code Section 20-2-166.1;
23 and

24 (3) Adding any equalization grant which may be earned pursuant to subsection (c) of
25 Code Section 20-2-165, the state school lunch grant pursuant to Code Section 20-2-187,
26 and the portion to be paid from state funds for all grant programs authorized by this
27 article which involve a local share, except the Quality Basic Education Formula, to the
28 ~~difference in paragraph (2)~~ total in paragraph (1) of this subsection, the result being the
29 amount of state funds which the state board shall allot over the course of the fiscal year
30 to the local school system, except that the amount of state funds allotted may be increased
31 by the midterm adjustment as provided in Code Section 20-2-162. The state board shall,
32 to the extent necessary, reduce the amount of state funds to be allocated to local school
33 systems in support of the Quality Basic Education Program or in support of any of the

1 purposes for which state funds might be allotted to local school systems under this article
2 if the amount of state funds appropriated in support of such program or in support of any
3 one or more of the purposes for which allotments of funds are provided by this article is
4 not adequate to finance the cost of the state portion of such program or such purposes,
5 determined in accordance with this article."

6 **SECTION 6.**

7 Said chapter is further amended by inserting a new Code section to be designated Code
8 Section 20-2-166.1 to read as follows:

9 "20-2-166.1.

10 (a) Beginning in 2009, and annually thereafter, the General Assembly shall appropriate to
11 the state Department of Education an amount equal to the proceeds for the preceding year
12 from the 1 percent state-wide sales and use tax for education for disbursement to local
13 school systems. The department shall calculate the amount of funds to be allotted to each
14 school system from the 1 percent state-wide sales and use tax for education by:

15 (1) Adding the most recent full-time equivalent (FTE) program count for every local
16 school system together to compute the state total full-time equivalent (FTE) program
17 count;

18 (2) Dividing the amount of the proceeds for the preceding year from the 1 percent
19 state-wide sales and use tax for education by the sum calculated in paragraph (1) of this
20 subsection to compute the dollar amount per full-time equivalent (FTE) program count;
21 and

22 (3) Multiplying the amount computed in paragraph (2) by the most recent full-time
23 equivalent (FTE) program count for each local school system.

24 (b) Funds allotted to a school system in accordance with this Code section shall be grants
25 for educational purposes, without any additional requirements or restrictions regarding use
26 of such funds by the local school system."

27 **SECTION 7.**

28 Said chapter is further amended in Code Section 20-2-187, relating to the school lunch
29 program, by striking subsection (a) and inserting in lieu thereof the following:

30 "(a)(1) The State Board of Education shall annually determine the amount of state funds
31 needed to provide a state-wide school lunch program. The state board shall, by
32 regulation, provide for certifying and classifying school lunch supervisors and managers

1 and establish training programs for school lunch personnel. The state board is authorized
2 to provide for the payment of:

3 (A) Operating costs of school lunchrooms, including breakfast costs, as financed by
4 federal funds, for those students eligible under federal guidelines;

5 (B) State supplements to the salaries paid such personnel by local units of
6 administration; and

7 (C) State incentive pay for satisfactory completion of such training programs.

8 (2) ~~An application of local five mill share funds pursuant to Code Section 20-2-164 shall~~
9 ~~not be made for payments to local units of administration under this Code section.~~ Any
10 state funds appropriated for this purpose shall be used to supplement federal funds as a
11 means of keeping sale prices within reach of paying students and of maximizing
12 participation and quality meals for all students."

13 SECTION 8.

14 Said chapter is further amended in Code Section 20-2-250, relating to grants for projects to
15 improve effectiveness, by striking subsections (a) and (c) and inserting in lieu thereof the
16 following:

17 "(a) The State Board of Education shall provide grants to qualified local units of
18 administration for the purpose of improving the effectiveness of an educational program
19 or service within a school, a cluster of schools, system wide, or regionally, subject to
20 appropriation by the General Assembly. The state board shall appoint a review panel to
21 evaluate all submitted proposals and submit appropriate recommendations to the state board
22 for funding based upon criteria specified within this Code section. The criteria for
23 awarding such a grant shall include the potential for widespread adoption of such
24 improvement by other public schools or local units of administration in the state, the
25 potential to which the project is likely to result in the proposed improvement, the quality
26 of the proposed project design, the reasonableness of the costs involved in conducting the
27 project, and such other criteria which the state board may deem appropriate and necessary.
28 The state board shall have the authority to establish a list of educational programs and
29 services for which project proposals will be considered or the state board shall have the
30 authority to consider unsolicited project proposals concerning any educational program or
31 service needing improvement, or both. Local units of administration shall be required to
32 expend local funds for a portion of the costs of projects authorized under this subsection.
33 The amount of such local funds shall be based upon the ability of a local unit to pay a share

1 of the cost relative to the ability of other local units in the state to pay their shares of such
2 cost. Such local funds shall be ~~in excess of the local funds required for the local five mill~~
3 ~~share pursuant to Code Section 20-2-164 and~~ in excess of the local funds required as a
4 portion of the costs for other grant programs authorized under this article. The state board
5 is further authorized to reduce the amount of a local grant request through negotiation with
6 a local governing board and award the difference to an additional local unit of
7 administration which has submitted an unfunded, qualified project."

8 "(c) The State Board of Education shall provide grants to qualified local units of
9 administration for the purpose of adopting effective improvements of educational programs
10 or services, subject to appropriation by the General Assembly. The criteria for awarding
11 such a grant shall be that the proposed improvement of an educational program or service
12 has been proven to be effective elsewhere, the proposed improvement contributes to the
13 increased effectiveness or efficiency of an educational program or service sufficiently to
14 warrant the proposed project's cost, and such other criteria which the state board may deem
15 appropriate and necessary. All funds for such adoption projects shall be for costs in excess
16 of costs for which funds have been otherwise provided by the provisions of this article.
17 Local units of administration shall be required to expend local funds for a portion of the
18 cost of projects authorized under this subsection. The amount of such local funds shall be
19 based upon the ability of a local unit to pay a share of the cost relative to the ability of other
20 local units in the state to pay their share of such cost. Such local funds shall be ~~in excess~~
21 ~~of the local funds required for the local five mill share pursuant to Code Section 20-2-164~~
22 ~~and~~ in excess of the local funds required as a portion of the costs for other grant programs
23 authorized under this article."

24 SECTION 9.

25 Said chapter is further amended in Code Section 20-2-252, relating to grants for electronic
26 technology, by striking subsection (b) and inserting in lieu thereof the following:

27 "(b) The State Board of Education shall grant funds to local units of administration to be
28 used to purchase computer hardware, software, and related electronic technology and to
29 finance the costs of staff development programs pertaining to the use and application of
30 computers and related electronic technology in educational programs and services, subject
31 to appropriation by the General Assembly. The amount of funds granted to any local
32 school system shall be based upon the extent of need as reflected in its electronic
33 technology plan, the consistency of such need with the priorities established by the state

1 board's state-wide plan, and such other considerations as deemed necessary by the state
2 board. The amount of local funds required may be based upon the ability of a local school
3 system to pay a share of the cost relative to the ability of other local school systems in the
4 state to pay their share of such cost. Such local funds shall be ~~in excess of the local funds~~
5 ~~required for the local five mill share pursuant to Code Section 20-2-164~~ and in excess of
6 the local funds required as a portion of the costs for other grant programs authorized under
7 this article."

8 **SECTION 10.**

9 Said chapter is further amended in Code Section 20-2-294, relating to reassignment of
10 students within and outside the school district where the student resides, by striking
11 subsection (c) and inserting in lieu thereof the following:

12 "(c) If the student's place of residence is located closer to a school other than the school
13 assigned the student by the local board of education, regardless of the school district in
14 which the closer school is located, and the distance or travel time to the school to which the
15 student has been assigned is, in the determination of the State Board of Education,
16 excessive, and the school which the student is applying to attend is the closest available
17 public school offering a regular program to the student's residence and has available
18 permanent classroom space, the State Board of Education may authorize the student to
19 attend the closer school. State Quality Basic Education Program funds, ~~including the local~~
20 ~~five mill share~~, allotted to the sending school system shall be reallocated to the receiving
21 school system in an amount correlated to the number of transferred students. A request for
22 reassignment shall be submitted in writing to the district offices of both the district in
23 which the student resides and the district in which the student is requesting to attend school
24 no later than seven days following the assignment of the student to a school and
25 notification of assignment to the student's parent or guardian. Upon assignment of
26 nonresident students, the school system that is providing services may elect to make
27 application to the state for funds that represent the difference between the dollar amount
28 per full-time equivalent student represented by the state program funds received and the
29 total dollar amount per full-time equivalent student expended by the system for a similarly
30 enrolled student; provided, however, that local transportation costs shall not be included
31 in the amount requested. The Department of Education shall request funds in the midterm
32 adjustment amount sufficient to provide for these costs after the amounts submitted have
33 been adjusted to account for students moving between the same two school systems so as

1 to subtract the base cost, represented as the lesser of the two local school system costs per
2 full-time equivalent student amounts, from the greater amount."

3 SECTION 11.

4 Said chapter is further amended in Code Section 20-2-2062, relating to definitions relative
5 to charter schools, by striking subsections (8) and (12) and inserting in lieu thereof the
6 following:

7 "(8) 'Local revenue' means local taxes budgeted for school purposes ~~in excess of the local~~
8 ~~five mill share~~, combined with any applicable equalization grant and budgeted revenues
9 from any of the following: investment earnings, unrestricted donations, and the sale of
10 surplus property; but exclusive of revenue from bonds issued for capital projects, revenue
11 to pay debt service on such bonds, local option sales tax for capital projects, and budgeted
12 school food service program costs. Nothing in this paragraph shall be construed to
13 prevent a local board from including a local charter school in projects specified in the
14 ballot language of a local option sales tax or bond referendum."

15 "(12) 'QBE formula earnings' means funds earned for the Quality Basic Education
16 Formula pursuant to Code Section 20-2-161, ~~including the portion of such funds that are~~
17 ~~calculated as the local five mill share in accordance with Code Section 20-2-164."~~

18 SECTION 12.

19 Said chapter is further amended in Code Section 20-2-2068.1, relating to funding for charter
20 schools through the quality basic education formula, grants, local tax revenue, and funds
21 from local bonds, by striking subsection (c) and inserting in lieu thereof the following:

22 "(c) In addition to the earnings set out in subsection (b) of this Code section, local revenue
23 shall be allocated to a local charter school on the same basis as for any local school in the
24 local school system. In the case of a start-up charter school, local revenue earnings shall
25 be calculated as follows:

26 (1) Determine the total amount of state and local ~~five mill share~~ funds earned by students
27 enrolled in the local start-up charter school as calculated by the Quality Basic Education
28 Formula pursuant to Part 4 of Article 6 of this chapter including any funds for
29 psychologists and school social workers but excluding any system-wide funds for central
30 administration and pupil transportation and excluding any categorical grants not
31 applicable to the charter school;

(2) Determine the total amount of state and local ~~five mill share~~ funds earned by all students in the public schools of the local school system, including any charter schools that receive local revenue, as calculated by the Quality Basic Education Formula but excluding categorical grants and other nonQBE formula grants;

(3) Divide the amount obtained in paragraph (1) of this subsection by the amount obtained in paragraph (2) of this subsection; and

(4) Multiply the quotient obtained in paragraph (3) of this subsection by the school system's local revenue.

The product obtained in paragraph (4) of this subsection shall be the amount of local funds to be distributed to the local start-up charter school by the local board; provided, however, that nothing in this subsection shall preclude a charter petitioner and a local board of education from specifying in the charter a greater amount of local funds to be provided by the local board to the local start-up charter school if agreed upon by all parties to the charter. Local funds so earned shall be distributed to the local start-up charter school by the local board. Where feasible and where services are provided, funds for transportation, food service programs, and construction projects shall also be distributed to the local start-up charter school as earned. In all other fiscal matters, including applicable federal allotments, the local board shall treat the local start-up charter school no less favorably than other local schools located within the applicable school system and shall calculate and distribute the funding for the start-up charter school on the basis of its actual or projected enrollment in the current school year according to an enrollment counting procedure or projection method stipulated in the terms of the charter."

SECTION 13.

This Act shall become effective on January 1, 2008, only if on January 1, 2008, there becomes effective a proposed amendment to the Georgia Constitution providing for automatic reduction in the millage rate of local ad valorem taxes for educational purposes; providing for exceptions; and providing for the imposition of a state sales and use tax at a rate not to exceed 1 percent, the proceeds of which shall be used exclusively for educational programs and purposes prior to the college or postsecondary level. If the proposed amendment to the Georgia Constitution described in this section does not become effective on such date, this Act shall not become effective and shall be automatically repealed on January 30, 2008.

2 All laws and parts of laws in conflict with this Act are repealed.